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Message Text

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44
ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 L-03 H-02 CIAE-00 INR-07 NSAE-00

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TAGS: EFIN, BG, US
SUBJ: NATIONALIZATION COMPENSATION: INSURANCE FIRMS

REF: (A) STATE 215679, (B) 4029, (C) STATE 81210
(D) DACCA 3389

1. SUMMARY. COMMERCE MINISTRY IS EDGING TOWARD ANNOUNCE-
MENT OF PROCEDURES TO COMPENSATE FORMER OWNERS OF NATIONAL-
IZED INSURANCE FIRMS, BUT THERE IS CONSIDERABLE CONFUSION
CONCERNING CLAIMS FILED AND INFORMATION NEEDED. END
SUMMARY.

2. TO RESPOND TO QUESTIONS REVISED REFTEL A, ECON
COUNSELOR MET SEPTEMBER 7 WITH UK COMMISSIONER COMMER-
CIAL OFFICER AND SEPTEMBER 9 WITH NURUDDIN AL-MASOOD, JT.
SECRETARY, COMMERCE MINISTRY.

3. THE INSURANCE COMPANIES ARE NOT REPEAT NOT AFFECTED
IN ANY WAY BY THE PROCEDURES FOR FILING CLAIMS WITH THE
IMPLEMENTATION AND PAYMENTS CELL OF THE INDUSTRIES
MINISTRY. THERE IS AS YET NO REPEAT NO SUCH PROCEDURE
AT ALL FOR INSURANCE COMPANIES. THESE COMPANIES WERE
NATIONALIZED BY P.O. 95 AND FALL UNDER THE AUTHORITY
OF THE MINISTRY OF COMMERCE; THE PROCEDURS ANNOUNCED BY
THE INDUSTRIES MINISTRY COVER ONLY FIRMS TAKEN OVER OR
NATIONALIZED BY P.O.'S 16, 27 AND 28 OF 1972. THIS HAS
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NOW BEEN CONFIRMED BOTH BY THE INDUSTRIES SECRETARY

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(SEPTEMBER 8) AND THE COMMERCE JOINT SECRETARY (SEPTEMBER 9).

4. HOWEVER, THE COMMERCE MINISTRY IS DEVELOPING A PROCEDURE ALONG THE LINES OF THE THAT ANNOUNCED LAST DECEMBER FOR FIRMS TAKEN OVER UNDER P.O.'S 16, 27 AND 28, TO COMPENSATE THE NATIONALIZED INSURANCE COMPANIES. AL-MASOOD REFERRED TO THE AMBASSADOR'S MEETING WITH THE FINANCE SECRETARY (REF B) AND SAID HIS MINISTRY HAD PREPARED DRAFT RULES FOR PAYMENT OF COMPENSATION WHICH HAD BEEN SENT TO THE LAW MINISTRY "TO BE PUT INTO LEGAL LANGUAGE." A DRAFT APPLICATION CLAIM FORM HAD ALSO BEEN PREPARED. AL-MASOOD DID NOT KNOW WHEN THE CLAIMS PROCEDURE WOULD BE ANNOUNCED, BUT IMPLIED IT WOULD BE SOON.

5. AL-MASOOD DECLINED TO EXPLAIN THE BASIS FOR VALUING COMPENSATION. ECON COUNSELOR LEFT COPY OF USG POLICY CONCERNING VALUATION OF EXPROPRIATED PROPERTY (REFTEL C). (WE EXPECT COMMERCE MINISTRY WILL FOLLOW INDUSTRIES MINISTRY LEAD AND VALUE INSURANCE COMPANY PROPERTY ON BASIS PAID-UP VALUE OR NET BOOK VALUE PER SHARE, WHICHEVER IS LESS (PARA 3, REFTEL D).

6. AL-MASOOD HAD NOT HEARD OF THE FIRE OFFICES COMMITTEE (FOREIGN) AND WAS UNWARE THEY HAD FILED CLAIMS. THE RELEVANT DEPUTY SECRETARY WAS ALSO UNFAMILIAR WITH ANY SUCH COMMITTEE OR CLAIMS FILED BY THEM. THEY WERE THUS UNABLE TO SAY HOW THE JULY 1975 REQUEST FOR INFORMATION FITTED IN WITH ANY CLAIMS ALREADY FILED BY AFIA THROUGH THE FIRE OFFICES COMMITTEE.

7. THE UK HICOM COMMERCIAL OFFICER, WHO HAD RECEIVED AN INQUIRY FROM LONDON ON THE STATUS OF THE FIRE OFFICE'S CLAIMS, CALLED SEPTEMBER 8 ON THE COMMERCE SECRETARY (BACK FOR 48 HOURS BETWEEN TRIPS ABROAD), WHO REFERRED TO THE ADDITIONAL SECRETARY. (LATTER HAD REFERRED US TO AL-MASOOD.) HICOM COMMERCIAL OFFICER PLANS FOLLOW UP WITH AL-MASOOD.

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8. AL-MASOOD SAID THAT THERE WAS NO PRESCRIBED FORM FOR FILING THE INFORMATION REQUESTED OF THE US INSURANCE COMPANIES IN JULY 75.

9. COMMENT: WHILE IT OBVIOUS THAT, FOLLOWING OUR PREVIOUS HIGH-LEVEL APPROACHES, THE COMMERCE MINISTRY IS ADDRESSING THE PROBLEM, IT IS EQUALLY APPARENT THAT A VERY CONSIDERABLE AMOUNT OF WORK REMAINS TO BE DONE.

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WE SUGGEST THAT, PENDING COMMERCE MINISTRY IDENTIFICATION OF THE FIRE OFFICES COMMITTEE AND ATTENTION TO CLAIMS ALREADY FILED BY THEM, THE AFIA HOLD UP OBTAINING MORE INFORMATION. IT MAY PROVE BEST TO LIMIT OURSELVES AT THIS STAGE TO PRESSING FOR ANNOUNCEMENT OF THE PROCEDURE FOR FILING COMPENSATION CLAIMS BY INSURANCE COMPANIES. THE INSURANCE COMPANIES MIGHT WELL WAIT TO GATHER FURTHER INFORMATION UNTIL WE KNOW WHAT IS REQUIRED UNDER THE PROCEDURE. WE WILL TRY TO ENCOURAGE PROMPT ATTENTION TO THIS ISSUE BY THE LAW MINISTRY AND ALSO REPORT ON ANY RESULTS OF THE UK COMMERCIAL OFFICER'S PROPOSED CALL ON AL-MASOOD.
BOSTER

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